

R_x *for Change at Tri-City Healthcare District*

INTRODUCTION

The 2008/2009 San Diego County Grand Jury released a report entitled *Governance Problems in Tri-City Healthcare District*. While describing a “dysfunctional” Board of Directors (Board) the Grand Jury noted “...its current model of governance appears to be a hindrance to finding good solutions” The Grand Jury recommended “... an independent review of the model of governance at Tri-City Healthcare District as well as governance models in use by other healthcare organizations.” The Board rejected the recommendation; as of this writing, there has been no change in the way this Board functions and inappropriate behavior continues.

Media reports and personal observations of disruptive behavior at Tri-City Healthcare District¹ (District) Board meetings prompted the 2010/2011 San Diego County Grand Jury (Grand Jury) to initiate a study to examine continuing allegations of a dysfunctional Board. The Grand Jury will recommend corrective actions to improve the ability of the District’s governing Board to function as a team and will encourage district voters to be more attentive to Board candidates’ qualifications and their actions as Board members after their election.

INVESTIGATION

The Grand Jury interviewed several members of the Tri-City Medical Center’s (Medical Center) management team, a Board member and a representative from the county Local Agency Formation Commission² (LAFCO). One witness refused to be interviewed and asserted the 5th amendment right against self-incrimination.

The District is governed by a seven-member Board. Members are elected to four-year terms with terms staggered so that not all seats are up for election at the same time. The current model of governance provides that the Board exercises full control over the District’s administrative and operational activities.

The witnesses interviewed expressed their commitment to improve the District’s image and ensure the Medical Center remains a hospital that provides a full range of high quality services to those residing in the District. All those interviewed expressed the following concerns:

- The Board meetings are conducted in an unprofessional and disruptive manner.

¹ Tri-City Healthcare District is a full-service healthcare facility offering comprehensive medical care to residents of northern San Diego County, established under the Local Healthcare District Law of the State of California.

² The Local Agency Formation Commission develops special districts within San Diego County, providing assistance to local agencies in overseeing jurisdictional boundaries, including healthcare districts.

- A Board member routinely manipulates the proceedings and intimidates other members. This member has been censured by the Board six times since mid-2010.
- Meetings feature heated arguments and occasional name-calling.
- A Board member routinely questions items on the agenda, focuses on the minutiae of administrative operations and monopolizes meeting time with time-consuming, unproductive or irrelevant discussions.

On two occasions, Grand Jury members attended Board meetings and observed a Board member interfering with the agenda, and loudly arguing with other Board members and the management staff. Many media reports in the past year also described disruptive behavior occurring at many, if not most meetings.

The Grand Jury learned that LAFCO oversees local accountability and governance of special districts in the state under the Knox-Nisbet Act.³ The Act is the framework within which special districts, including healthcare districts, are formed. LAFCO rules governing healthcare districts do not include authority to remove an elected member of a healthcare district's Board.

After researching state law regarding elected officials, the Grand Jury learned that a Board member may be removed only by recall, being convicted of a felony or a finding of election fraud.

The Grand Jury noted that negative media reports generated in large part by the disruptive actions of a single Board member eclipse the many positive accomplishments of the District.

DISCUSSION

The history of the District dates back to 1957 when voters elected to form a healthcare district and approved a bond issue to fund land purchases and construction costs; the new community hospital opened in 1961. Sources of revenue for the District include patient fees, private insurance reimbursements, Medicare/Medi-Cal payments; 2.5% of all funds derive from property tax assessments. Through the 1970s, services expanded as healthcare technology and the population grew, with additions of a helipad, cardiopulmonary lab, a 56-bed north wing, surgical suites and a 42-bed maternity unit. The 1980s brought more building, with a four-story wing added and existing facilities remodeled. A cardiac rehabilitation center, a mental health unit and dialysis center were opened. By 1985, the official name of the hospital was changed to Tri-City Medical Center. Currently, with 386 beds, the District serves a population of more than 800,000 and officials project that number to grow over the next 10 years with a significant increase in residents older than age 65.

Now in its 50th year, the Medical Center has kept pace with the changing healthcare environment by developing a Magnetic Resonance Imaging Center, a Level III neonatal intensive care unit with the largest bed capacity in North County, an outpatient Women's Center facility, electronic medical records and an updated emergency department. In late 2010, the facility opened a new cardiovascular institute.

³ The Knox-Nisbet Act of 1963 created the Local Agency Formation Commission (LAFCO).

The District offers healthcare to residents of northern San Diego County including the communities of Carlsbad, Oceanside and Vista and the surrounding region. The District administers the Medical Center, with more than 500 physicians practicing in 60 specialties as well as several outpatient services in the area.

In the past several years, the District encountered serious financial problems primarily due to poor investment returns, unorthodox financial reporting by the Medical Center's previous management team (who were removed by the Board in December 2008) and the alleged failure by the outside auditor to follow generally accepted accounting procedures. As a result, the new management team installed in January 2009 faced a large deficit.

Although the District's new management team worked aggressively to improve its financial situation, hospital officials announced a \$10.5 million loss for the month of June 2010, in addition to the \$18.5 million loss in fiscal year 2009. Current management officials developed detailed plans to address and correct existing financial problems, hired a new auditor and now show both operational and bottom line profit.

With the financial crisis apparently under control, the management team's efforts to move the Medical Center forward continue to be hampered by the dysfunctional Board. News media have reported dozens of incidences of inappropriate behavior and constant bickering at Board meetings, using terms such as "disruptive behavior," "self-serving," and "unable to work together." Grand Jury members observed this behavior in person while attending two Board meetings and watching several meetings on KCOT, the local public TV station.

FACTS AND FINDINGS

Fact: The Tri-City Medical Center is a state-of-the-art healthcare facility serving the residents of North County's Healthcare District.

Fact: The Tri-City Medical Center is administered by the Tri-City Healthcare District and is governed by a seven-member publicly elected Board.

Fact: Management staff and the Board must deal with the disruptive and unprofessional behavior of a Board member.

Fact: Multiple censures of a Board member did not stop unprofessional behavior that consistently interferes with Board agendas and meetings.

Fact: LAFCO has no authority to remove an elected public official from a healthcare district's Board of Directors.

Fact: An elected Board member can be removed only by recall, a felony conviction or from a finding of election fraud.

Finding 01: Tri-City Medical Center now delivers healthcare services that are more complex, uses state-of-the-art technology and serves more people than when the Medical Center opened as a small community hospital in 1961.

Finding 02: A fiscally sound model of accounting and reporting is now in place.

Finding 03: The disruptive behavior of a Board member impedes the Board's ability to carry out its responsibilities in a timely and constructive manner.

RECOMMENDATIONS

The 2010/2011 San Diego County Grand Jury recommends the Tri-City Healthcare District Board of Directors take the following actions:

- 11-05:** **Develop a plan of action to inform and educate voters of Tri-City Healthcare District on the responsibilities of the Board, the role of a Board member and the qualifications necessary to serve on the Board.**
- 11-06:** **Hire a consultant after each election to provide training for all current and incoming Board members on how to work together as an effective team.**
- 11-07:** **Advise the public of strategic plans for the District and the Medical Center for the next five to ten years; institute a policy that reflects how often such a plan shall be reviewed and revised.**

COMMENDATION

Tri-City Medical Center is keeping pace with constantly changing, state-of-the-art healthcare technology and has earned a reputation for highly-rated and compassionate patient care. A new Cardiovascular Health Institute delivers specialized care and offers a comprehensive screening program which exceeds national standards to diagnose health problems before they become more serious. Orthopedic and Oncology Institutes will open in 2011. Grand Jury members who visited the Medical Center were impressed with its operational efficiency and the enthusiasm of staff.

REQUIREMENT AND INSTRUCTIONS

The California Penal Code §933(c) requires any public agency which the Grand Jury has reviewed, and about which it has issued a final report, to comment to the Presiding Judge of the Superior Court on the findings and recommendations pertaining to matters under the control of the agency. Such comment shall be made *no later than 90 days* after the Grand Jury publishes its report (filed with the Clerk of the Court); except that in the case of a report containing findings and recommendations pertaining to a department or agency headed by an elected County official (e.g. District Attorney, Sheriff, etc.), such comment shall be made *within 60 days* to the Presiding Judge with an information copy sent to the Board of Supervisors.

Furthermore, California Penal Code §933.05(a), (b), (c), details, as follows, the manner in which such comment(s) are to be made:

- (a) As to each grand jury finding, the responding person or entity shall indicate one of the following:
 - (1) The respondent agrees with the finding
 - (2) The respondent disagrees wholly or partially with the finding, in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons therefor.
- (b) As to each grand jury recommendation, the responding person or entity shall report one of the following actions:
 - (1) The recommendation has been implemented, with a summary regarding the implemented action.
 - (2) The recommendation has not yet been implemented, but will be implemented in the future, with a time frame for implementation.
 - (3) The recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a time frame for the matter to be prepared for discussion by the officer or head of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This time frame shall not exceed six months from the date of publication of the grand jury report.
 - (4) The recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation therefor.
- (c) If a finding or recommendation of the grand jury addresses budgetary or personnel matters of a county agency or department headed by an elected officer, both the agency or department head and the Board of Supervisors shall respond if requested by the grand jury, but the response of the Board of Supervisors shall address only those budgetary or personnel matters over which it has some decision making authority. The response of the elected agency or department head shall address all aspects of the findings or recommendations affecting his or her agency or department.

Comments to the Presiding Judge of the Superior Court in compliance with the Penal Code §933.05 are required from the:

Responding Agency	Recommendations	Date
Board of Directors, Tri-City Healthcare District	11-05 through 11-07	6/21/11